

Message Text

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15

ACTION ARA-20

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-10 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SPC-03 SS-20 STR-08 TRSE-00 DRC-01 PA-04

USIA-15 PRS-01 /172 W

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R 212208Z FEB 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 2802

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DEPT PASS TO ALL ARA CAPITALS

E.O. 11652: N/A

TAGS: ENRG VE XM

SUBJECT: VENEZUELAN PLANS TO ASSIST CENTRAL AMERICAN NATIONS

REF: CARACAS 1391

1. DESPITE PUBLIC STATEMENTS THAT HAVE BEEN MADE BY NUMEROUS GOVERNMENT OFFICIALS, INCLUDING PRESIDENTS-ELECT OF COSTA RICA AND VENEZUELA, TO THE EFFECT THAT VENEZUELA PLANS TO ASSIST CENTRAL AMERICAN COUNTRIES WITH SUCH PROJECTS AS AN OIL REFINERY IN COSTA RICA AND A PAPER PULP MILL IN HONDURAS, EMBASSY HAS INCREASING DOUBTS THAT ACTUAL COMMITMENTS TO SUCH PROGRAMS EXIST. PETROLEUM ATTACHE HAS DISCUSSED THIS SUBJECT WITH SEVERAL HIGH OFFICIALS OF MINISTRY OF MINES AND HYDROCARBONS WHO SHOULD BE KNOWLEDGEABLE ABOUT SUCH DEVELOPMENTS AND ALL HAVE INDICATED THAT THESE MATTERS ARE STILL UNDER STUDY. RE PROPOSED REFINERY IN COSTA RICA, ONE OFFICIAL, WHO CLEARLY DID NOT WISH TO CONTRADICT STATEMENTS ALREADY MADE BY COSTA RICAN OFFICIALS, SAID NEVERTHELESS THAT IF VENEZUELA BUILDS REFINERY IN COSTA RICA IT IS MORE LIKELY TO BE A SMALL

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5,000 B/D REFINERY RATHER THAN A 200,000 B/D REFINERY WHICH WOULD BE

A MAJOR EXPORT REFINERY, GIVEN SIZE OF CENTRAL AMERICAN PETROLEUM MARKETS.

2. HIGH OFFICIAL OF MINISTRY (REYES) DID CONFIRM THAT FOUR-MONTH CREDIT ARRANGEMENTS, REFERRED TO IN REFTEL, WHICH WILL PERMIT COUNTRIES IMPORTING VENEZUELAN OIL TO POSTPONE PAYMENT IN HARD CURRENCY, WILL GO FORWARD. REYES HIMSELF IS SKEPTICAL ABOUT WISDOM OF THESE ARRANGEMENTS GIVEN WHAT HE SEES AS DANGER THAT IMPORTING COUNTRIES MIGHT NOT MAKE REQUIRED PAYMENTS AT END OF FOUR MONTHS, OR INDEED MIGHT NOT PAY AT ALL, PLEADING INABILITY TO DO SO OWING TO BALANCE OF PAYMENTS PROBLEMS CAUSED BY ENERGY PRICE INCREASES. REYES ALSO EXPRESSED OPINION THAT PRESENT GOVERNMENT HAS GONE MUCH TOO FAR IN ITS COMMITMENTS TO OTHER LATIN NATIONS IN OLADE AND THAT NEW GOVERNMENT WILL HAVE TO PULL BACK FROM SOME OF THOSE COMMITMENTS, ESPECIALLY THOSE IMPLYING THAT VENEZUELA MIGHT FINANCE PROGRAMS TO DEVELOP ENERGY RESOURCES IN MANY OTHER LATIN AMERICAN COUNTRIES.

3. EMBASSY WILL KEEP AMERICAN EMBASSIES IN CENTRAL AMERICA INFORMED OF DEVELOPMENTS ON THIS SUBJECT AS THEY OCCUR BUT DEFINITIVE INFORMATION IS NOT LIKELY TO BE AVAILABLE UNTIL AFTER NEW VENEZUELAN GOVERNMENT TAKES OFFICE ON MARCH 12.
MCCLINTOCK

NOTE BY OC/T: NOT PASSED ABOVE ADDRESSEES.

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